

July 16, 2012

The Honorable Darrel Issa
Chairman
Committee on Oversight and
Government Reform
B3540-A, Rayburn HOB
Washington, DC 20515

The Honorable Elijah Cummings
Ranking Member
Committee on Oversight and
Government Reform
2471 Rayburn HOB
Washington, DC 20515

Dear Chairman Issa and Ranking Member Cummings:

I am writing to bring to your attention the apparent misappropriation of more than \$200 million in client funds by Peregrine Financial Group, an Iowa-based futures trading company. According to the U.S. Commodity Futures Trading Commission (CFTC), Peregrine has "used customer funds for purposes other than those intended by its customers."

According to a criminal complaint filed by the U.S. Attorney on Friday, Russell Wassendorf, Sr., Founder and CEO of Peregrine Financial Group, admitted that he was defrauding his customers for as long as 20 years. According to court documents, Peregrine had as many as 1,845 investors – and it is unclear whether their money will ever be recovered.

It is the job of regulators to protect farmers, families, and businesses who have invested in futures. I'm greatly concerned that this misappropriation of funds was allowed to continue so long before being discovered.

In the wake of the MF Global debacle and these new allegations at Peregrine Financial Group, I ask that you immediately hold a hearing to look at unanswered questions related to the role of the CFTC in allowing this situation to continue and investigate whether this agency has the proper procedures in place to prevent this type of abuse from happening again. It is absolutely essential that there is investor confidence in our commodity trading system.

It is also important that any hearing focus on whether there is a process in place to expedite the recovery of the assets of these investors.

Thanks again for your consideration of this request. We owe it to American taxpayers and investors to ensure a secure marketplace where they can trust that their money is protected from fraud.

Sincerely,



Bruce L. Braley
Member of Congress